

AMERICAN INDIAN CHILD RESOURCE
CENTER, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER INFORMATION
JUNE 30, 2008

DATE RECEIVED:



AUDIT REVIEW #(s) 041045

Assigned To: Leahy

Date Reviewed: 7/2/09

Reviewer's Initials: SL

Date Review(s) Completed: 7/2/09

AMERICAN INDIAN CHILD RESOURCE CENTER, INC.
TABLE OF CONTENTS
JUNE 30, 2008

COVER PAGE	1
TABLE OF CONTENTS	2
INDEPENDENT AUDITOR'S REPORT	3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-10
SUPPLEMENTAL INFORMATION	11
SCHEDULE OF FUNCTIONAL EXPENSES	12-13
SCHEDULE OF PROGRAM EXPENSES	14
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS.</i>	15-16
SUMMARY OF FINDINGS AND QUESTIONED COSTS	17
CURRENT AND PRIOR YEARS QUESTIONED COSTS	18

DUANE BILLEDEAUX
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors:

American Indian Child Resource Center, Inc.
522 Grand Ave.
Oakland, Ca. 94610

We have audited the accompanying Statement of Financial Position of American Indian Child Resource Center, Inc. (a non-profit organization) as of June 30, 2008 and the related Statements of Activities and Cash Flows for the period July 1, 2007 through June 30, 2008 then ended. The financial statements are the responsibility of the American Indian Child Resource Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Indian Child Resource Center, Inc. as of June 30, 2008 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with Government Auditing Standards, we have also issued our report dated January 10, 2009 on our consideration of American Indian Child Resource Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of American Indian Child Resource Center, Inc. taken as a whole. The schedule of functional expenses and program expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



January 10, 2009
Glendora, California

446 Sellers St. Glendora, California. 91741 phone: 626-914-1569 fax: 626-610-3572

AMERICAN INDIAN CHILD RESOURCE CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

Assets

Cash in Bank	\$ 1,618
Grants Receivable	185,116
Prepaid Expenses	4,603
Security Deposit (note 5)	<u>11,000</u>

Total Current Assets 202,337

Fixed Assets

Equipment and Office Furniture (note 2)	<u>116,367</u>
Accumulated Depreciation	<u>(116,367)</u>

Total Fixed Assets -

Total Assets \$ 202,337

Liabilities

Accounts Payable	\$ 22,668
Accrued Vacation (note 8)	18,869
Accrued Expenses	1,299
Employee Benefits Payable (note 10)	9,106
Loans Payable (note 9)	45,074
Contract Advances	19,700
Payable to Fiduciary Group (note 6)	<u>16,295</u>

Total Liabilities 133,011

Net Assets

Unrestricted	69,326
Temporarily Restricted	-
Permanently Restricted	<u>-</u>

Total Net Assets 69,326

Total Liabilities and Net Assets \$ 202,337

The accompanying notes are an integral part of these financial statements

AMERICAN INDIAN CHILD RESOURCE CENTER, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2008

Unrestricted Net Assets

Support:		
	Contract and Grant Revenue	\$ 680,195
	Foundation Grants	25,550
	Individual Contributions	47,338
	Corporation Grants	2,500
	Donated Services and Materials	46,923
	Interest and Dividend Income	2,447
	Other Income	<u>14,288</u>
	Total Unrestricted Support	819,241
Net Assets Released from Restrictions		819,241
Expenses	General and Administration	134,451
	Education	204,942
	Social Services and Foster Care	449,193
	Other Native American Programs	<u>84,272</u>
Total Expenses		872,858
Increase (Decrease) in Unrestricted Net Assets		<u>(53,617)</u>
Increase (Decrease) in Temporarily Restricted Net Assets		<u>-</u>
Increase (Decrease) in Permanently Restricted Net Assets		<u>-</u>
Net Increase (Decrease) in Net Assets		(53,617)
Previous Period Adjustment - non collectable accounts net		-
Net Assets Beginning of Year		<u>122,943</u>
Net Assets End of Year		<u>\$ 69,326</u>

The accompanying notes are an integral part of these financial statements

AMERICAN INDIAN CHILD RESOURCE CENTER, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2008

Cash Flow from Operating Activities	<u>\$ (53,617)</u>
<u>Adjustments to reconcile Net Income</u> <u>to net cash provided by operations</u>	
Decrease in Accounts Receivable	12
Decrease in Grants Receivable	19,675
Increase in Accounts Payable	10,345
(Increase) in Prepaid Expenses	(4,603)
(Decrease) in Loans Payable	(3,183)
(Decrease in Accrued Expenses	(7,533)
Increase in Contract Advances	14,700
Increase in Employee Benefits Payable	3,877
Decrease in Fixed Assets	<u>2,708</u>
Net cash provided by Operation Activities	(17,619)
Pervious period adjustment-non collectable accounts net	-
Total Changes in Cash	(17,619)
Cash Beginning	19,237
Cash Ending	<u>\$ 1,618</u>

The accompanying notes are an integral part of these financial statements

AMERICAN INDIAN CHILD RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1: Summary of Significant Accounting Policies:

Organization and Nature of Activities

American Indian Child Resource Center, Inc. (AICRC) was incorporated as a not-for-profit corporation under the laws of the State of California 2370(e) in 1974. AICRC was also recognized as a non-profit 501 (c) (3) by the Federal Government in the same year. The Center is a family service agency that provides foster care, adolescent pregnancy prevention, Indian Child Welfare Act advocacy and education to Native American children. AICRC is funded privately and publicly with donations, contracts and, grants. AICRC serves the urban American Indian population in ten bay area counties and is located in downtown Oakland, California.

The Center's mission statement is; "To preserve and promote the integrity and culture of Native American Indian youth and their families"

Basis of Accounting-Scope

The financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivable, payables, and other liabilities. These financial statements include all activity of the American Indian Child Resource Center, Inc. under control of the AICRC Board of Directors.

Basis of Presentation

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No.117, Financial Statements of a Not-For-Profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

Income Taxes

The organization is a not-for-profit organization exempt from Federal and State income taxes. Accordingly no allowance for income taxes has been made.

Investments

Under SFAS No. 124, Accounting for Certain Investments by not-for-profit organizations investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at the fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Contingent Liabilities

American Indian Child Resource Center participates in several Governmental assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Accordingly, until final approval of the operation of the grant by the grantor, American Indian Child Resource Center has contingent liability to return grant funds not used in accordance with the grant terms. The amount, if any, of expenses which may be disallowed in the future, in the opinion of American Indian Child Resource Center would be immaterial.

Revenue Recognition

Governmental funds received in excess of expenses incurred, are reported as deferred revenue until such expenses are incurred. Expenses incurred on Governmental grants or contracts prior to reimbursement are reported as Grants Receivable.

Cash and Cash Equivalents.

AICRC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Functional Expenses

During the period, the Center allocated shared expenses based on budgets submitted to the Center's grantors at the time of application. These budgets were based on management's estimates of percentage of time each employee worked on different projects during the prior period. All shared costs were allocated between program and supporting services using the full-time equivalent.

Note 2: Equipment and Office Furniture:

Furniture and equipment are capitalized at cost and depreciated over estimated useful lives of three to thirty-nine years using straight line method, with half year's depreciation recognized in the years of acquisition and disposal. Automobiles are capitalized over 5 years using the straight line method. AICRC capitalization policy is to capitalize fixed assets expenses over \$ 5,000

The following is a summary of property and equipment, as of June 30, 2008:

Equipment and Office Furniture	\$ 116,367.
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Less Accumulated Depreciation and Amortization (<u>116,367.</u>)	
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Total Fixed Assets	\$ <u>0.</u>
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Note 3: Accounts Receivable:

Accounts receivable are all current and shown in their entirety. Management has determined that all are collectable. Therefore no allowance has been made for doubtful accounts.

Note 4: Investments:

Investments of AICRC and are shown at market value.

Note 5: Security Deposit:

Deposits as of June 30, 2008 consist of \$ 11,000. Security deposit and last months rent for the premises in Oakland.

Note 6: Payable to Fiduciary Group:

The Center acts as the agent for the State of California Department of Indian Education. As of June 30, 2008 \$ 16,295. of advanced funds remained unspent. The fund is to provide training for Native American parents.

Note 7: Lease Commitments:

The Center has a five-year non-cancelable lease for its offices in Oakland, California. The monthly lease payment is \$ 6,500. The lease expires on October 31, 2012.

Future minimum lease payments are as follows:

July 1, 2008 – June 30, 2009 \$ 26,000.

Total minimum lease payment

Note 8; Accrued Vacation –Flexible Spending Account

AICRC employees are eligible for vacation after a probation period of three months. The amount of vacation is determined by the length of employment. Currently employees receive 15 days per year (4.62 hours per bi-monthly pay period) for service from 0 to 3 years of service. After three years of service an employees earns 20 days per year accrued at a rate of 6.15 hours per bi-weekly pay period. There is an accrual ceiling of 240 hours, once an employee has accrued 240 hours they can no longer accrue vacation leave until they drop below that limit.

Employees of AICRC also receive a Sick Leave benefit. This benefit is designed to allow the employee time off for sickness, family health emergencies, and medical appointments. The leave is accrued at a rate of 16 days per year (4.92 hours per bi-weekly pay period). Unused balances are carried over from year to year. [The difference between vacation leave and sick leave is that you are paid for your unused vacation leave, if you leave the agency, for sick leave you do not get paid for unused balances].

AICRC has a Flexible Spending Account plan that regular AICRC employees can join on a voluntary basis. The plan allows employees to voluntarily reduce their salary by a predetermined amount to be used for un-reimbursed medical expenses or dependent care expenses. The plan is not funded by AICRC.

Note 9; Loans Payable

As of June 30, 2008 AICRC has a \$ 50,000. unsecured line of credit with the bank that can be drawn upon as needed. The interest rate is 10.75%. As of June 30, 2008 the balance on the credit line is \$ 45,074.

Note 10; Pension Plan (Employee Benefits Payable).

The Center sponsors a voluntary pension plan. The pension plan is fully funded by employees and has no cost to the AICRC. For the period ended June 30, 2008 three employees were enrolled in the plan.

SUPPLEMENTAL INFORMATION

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AMERICAN INDIAN CHILD RESOURCE CENTER, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
JUNE 30, 2008

	General Fund	Donated Services, supplies and materials	Prince Charitable Trusts	CA. Dept. of Ed/IEC	US Dept. of Edu -Title VII	Oak Fund Children & Youth	OFCY Summer Urban Rez	Clorox Company Foundation	Stuart Foundation	Northern Calif Grantmaker	One Land One People
Expenses	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries	39,489	4,033	-	84,317	37,998	58,986	-	-	-	-	-
Payroll Taxes	3,593	-	-	6,897	3,548	6,298	-	-	-	-	-
Employee Med<D	1,584	-	-	7,939	3,108	5,403	-	-	-	-	-
Workers Compensation Ins.	488	-	-	1,108	399	1,529	-	-	-	-	-
Rent	8,379	-	-	23,712	3,395	27,000	-	3,500	2,500	-	3,500
Utilities	1,685	-	-	1,000	-	555	-	-	1,000	-	1,006
Telephone/communication	1,981	-	-	2,112	-	782	-	-	314	350	-
Office Supplies	121	-	-	1,301	-	855	-	-	-	-	-
Insurance	7,061	-	-	5,252	-	2,000	-	-	-	-	-
Printing/Publications	186	-	-	164	-	407	-	-	-	-	-
Postage/Shipping	616	-	-	538	-	618	-	250	-	350	-
Travel & Mileage	4,394	-	-	1,413	-	127	-	-	-	-	-
Agency Fuel	-	-	-	2,578	-	2,531	-	-	-	-	-
Lodging	-	-	-	539	-	-	-	-	-	-	-
Per Diem	100	-	-	176	-	51	-	-	-	-	-
Accounting/Audit	10,756	-	-	4,678	-	1,000	-	-	-	-	-
Other Professional Services	4,143	-	-	-	-	-	-	-	-	-	-
Stipends	1,800	-	-	-	-	-	-	-	-	-	-
Cultural Presenters	-	-	-	-	-	400	-	-	-	-	-
Foster Care Payment	-	-	-	-	-	-	-	-	-	-	-
Expendable equipment	554	-	-	50	-	1,146	-	-	-	-	-
Equipment rental/leasing	-	-	-	2,894	-	954	-	-	-	-	-
Equip. repair/maintenance	1,059	-	-	3,686	-	1,831	-	500	-	-	-
Building	2,888	-	-	778	-	-	-	750	-	-	-
Depreciation expense	2,708	-	-	-	-	-	-	-	-	-	-
Services	-	31,155	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	894	-	-	-	-	290	-	-	-	-	-
Advertising/promotion	100	-	-	-	-	-	-	-	-	-	-
Recruitment	-	-	-	50	-	50	-	-	-	-	-
License, fees, permits &	1,071	-	-	-	-	20	-	-	-	-	-
Bank Chgs/Payroll Fees	6,501	-	-	-	-	2,012	-	-	-	-	-
Interest Paid	832	-	-	-	-	656	-	-	-	-	-
Meetings & Conferences	465	-	-	1,145	-	-	-	-	-	-	-
Program Expense	6,984	11,735	-	948	-	6,754	-	-	500	-	69
Cultural Supplies	-	-	-	-	-	1,036	-	-	-	-	-
Educational Supplies	-	-	-	96	-	425	-	-	-	-	-
Client Incidental expenses	-	-	-	-	-	-	-	-	-	-	-
Training	1,065	-	-	-	-	100	-	-	-	-	-
Subcontractor payment	19,120	-	5,000	-	-	27,928	5,000	-	686	-	425
Miscellaneous	(200)	-	-	-	-	-	-	-	-	-	-
Other Cost Allocated	-	-	-	3,121	-	-	-	-	-	-	-
Total Expenses	\$ 130,418	\$ 46,923	\$ 5,000	\$ 156,493	\$ 48,449	\$ 151,745	\$ 5,000	\$ 5,000	\$ 5,000	\$ 700	\$ 5,000

The accompanying notes are an integral part of these financial statements

AMERICAN INDIAN CHILD RESOURCE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2008

Expenses	Ala County Tobacco		CA				Alameda			Total	
	CC	CRIHB - TEPTS	Sunflower Funds	Team-up for Youth	Endowment - Fund	County Foster Care	CHAT- State of CA	Child Abuse Treatment	Hintil Kun Ca		Powwow
Salaries	\$ 2,542	\$ 16,920	\$ -	\$ -	\$ -	\$ 14,859	\$ 70,775	\$ 45,694	\$ -	\$ -	\$ 375,612
Payroll Taxes	229	1,687	-	-	-	-	6,501	4,131	-	-	34,212
Employee Med<D	229	1,393	-	-	-	-	1,073	8,227	2,341	-	31,298
Workers Compensation Ins.	25	-	-	-	-	-	239	677	437	-	4,902
Rent	400	-	-	-	-	-	7,601	6,004	2,000	-	87,990
Utilities	-	-	-	-	-	-	401	1,091	-	-	6,738
Telephone/communication	200	-	-	-	-	-	2,395	1,740	-	-	9,875
Office Supplies	-	-	-	-	-	-	206	277	-	-	2,767
Insurance	-	-	-	-	-	-	650	1,125	-	-	16,089
Printing/Publications	-	-	-	-	-	-	164	126	-	-	1,046
Postage/Shipping	112	-	-	-	-	-	276	414	-	-	3,174
Travel & Mileage	64	-	-	-	-	-	1,225	2,320	-	-	9,544
Agency Fuel	450	-	-	-	-	-	253	52	-	-	5,864
Lodging	-	-	-	-	-	-	74	309	-	-	922
Per Diem	-	-	-	-	-	-	562	38	-	-	927
Accounting/Audit	-	-	-	-	-	-	469	1,000	-	-	17,903
Other Professional Services	-	-	-	100	-	-	42	-	360	-	4,645
Stipends	2,340	-	550	-	-	-	-	-	-	-	4,690
Cultural Presenters	-	-	-	75	-	-	-	-	-	-	475
Foster Care Payment	-	-	-	-	-	-	42,291	-	-	-	42,291
Expendable equipment	-	-	-	-	-	-	427	-	-	-	2,177
Equipment rental/leasing	-	-	-	-	-	-	-	160	-	-	4,009
Equip. repair/maintenance	-	-	-	-	-	-	502	1,070	-	-	8,649
Building	-	-	-	-	-	-	271	-	-	-	4,687
Depreciation expense	-	-	-	-	-	-	-	-	-	-	2,708
Services	-	-	-	-	-	-	-	-	-	-	31,155
Dues & Subscriptions	-	-	-	-	-	-	511	-	-	-	1,696
Advertising/promotion	-	-	-	-	-	-	559	440	-	-	1,099
Recruitment	-	-	-	-	-	-	43	85	-	-	228
License, fees, permits & Bank Chgs/Payroll Fees	-	-	-	-	-	-	2,048	48	-	-	3,186
Interest Paid	-	-	-	-	-	-	40	265	-	-	8,817
Meetings & Conferences	-	-	-	-	-	-	-	50	-	-	1,488
Program Expense	471	-	-	100	2,000	974	388	-	2,521	8,000	1,660
Cultural Supplies	-	-	-	-	-	-	-	29	-	-	41,443
Educational Supplies	-	-	-	-	-	-	-	-	-	-	1,065
Client Incidentals expenses	-	-	-	-	-	-	944	-	-	-	521
Training	-	-	-	25	-	260	-	-	-	-	944
Subcontractor payment	1,404	-	5,000	-	-	-	-	27,435	-	-	1,450
Miscellaneous	-	-	-	-	-	-	-	-	-	-	91,998
Other Cost Allocated	-	-	-	-	-	-	-	-	-	-	(200)
	-	-	-	-	-	-	-	-	-	-	3,121
Total Expenses	\$ 8,466	\$ 20,000	\$ 5,550	\$ 300	\$ 2,000	\$ 80,686	\$ 130,645	\$ 54,962	\$ 2,521	\$ 8,000	\$ 872,858

The accompanying notes are an integral part of these financial statements

AMERICAN INDIAN CHILD RESOURCE CENTER, INC.
SCHEDULE OF PROGRAM EXPENSES
JUNE 30, 2008

Expenses	Native American Education	Social Services	Other Native American Programs	General and Admin.	Total (memo)
Salaries	\$ 122,316	\$ 190,313	\$ 19,462	\$ 43,522	\$ 375,612
Payroll taxes	10,446	18,257	1,916	3,593	34,212
Employee Benefits-Med<D	11,048	17,044	1,622	1,584	31,298
Employee Benefits-Workers Comp	1,507	2,882	25	488	4,902
Rent	27,107	42,604	9,900	8,379	87,990
Utilities	1,000	2,047	2,006	1,685	6,738
Telephone/communication	2,112	4,918	864	1,981	9,875
Office supplies	1,301	1,338	-	121	2,761
Insurance	5,252	3,775	-	7,061	16,089
Printing/Publications	164	697	-	186	1,046
Postage/Shipping	538	1,308	712	616	3,174
Travel & Mileage	1,413	3,673	64	4,394	9,544
Agency fuel	2,578	2,836	450	-	5,864
Lodging	539	383	-	-	922
Per diem	176	651	-	100	927
Accounting/Audit	4,678	2,469	-	10,756	17,903
Other professional services	-	402	100	4,143	4,645
Stipends	-	-	2,890	1,800	4,690
Cultural presenters	-	400	75	-	475
Foster care payment	-	42,291	-	-	42,291
Expendable equipment	50	1,573	-	554	2,177
Equipment rental/leasing	2,894	1,115	-	-	4,009
Equipment repair/maintenance	3,686	3,404	500	1,059	8,649
Building repair/maintenance	778	271	750	2,888	4,687
Depreciation expense	-	-	-	2,708	2,708
Donated material and supplies	-	-	11,735	-	11,735
Donated services	-	31,155	-	-	31,155
Dues & Subscriptions	-	801	-	894	1,696
Advertising/promotion	-	999	-	100	1,099
Recruitment	50	178	-	-	228
License fees, permits & taxes	-	2,116	-	1,071	3,186
Bank Chgs/Payroll Fees	-	2,316	-	6,501	8,817
Interest paid	-	656	-	832	1,488
Meetings & Conferences	1,145	50	-	465	1,660
Program expense	948	8,116	13,661	6,984	29,708
Cultural supplies	-	1,065	-	-	1,065
Educational supplies	96	425	-	-	521
Client Incidental expenses	-	944	-	-	944
Training	-	360	25	1,065	1,450
Subcontractor payment	-	55,363	17,515	19,120	91,998
Miscellaneous	-	-	-	(200)	(200)
Other costs allocated	3,121	-	-	-	3,121
Total expenses	\$ 204,942	\$ 449,193	\$ 84,272	\$ 134,451	\$ 872,858

The accompanying notes are an integral part of these financial statements

DUANE BILLEDEAUX
CERTIFIED PUBLIC ACCOUNTANT

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors:

American Indian Child Resource Center, Inc.
522 Grand Ave.
Oakland, Ca. 94610

We have audited the financial statements of American Indian Child Resource Center, Inc. as of and for the year ended June 30, 2008, and have issued our report thereon dated January 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered American Indian Child Resource Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the American Indian Child Resource Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the American Indian Child Resource Center, Inc.'s internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects American Indian Child Resource Center, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Indian Child Resource Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, others within the entity. Federal awarding agencies, pass-through entities and others and is not intended to be and should not be used by anyone other than these specified parties.



Glendora, California
January 10, 2009

446 Sellers St., Glendora, California 91741
Phone 626-914-1569 Fax 626-610-3572

AMERICAN INDIAN CHILD RESOURCE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of American Indian Child Resource Center.

2. Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported.

Non-compliance material to financial statements noted? _____ yes X no

AMERICAN INDIAN CHILD RESOURCE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

CURRENT YEAR FINDINGS

NONE

AMERICAN INDIAN CHILD RESOURCE CENTER
PRIOR YEARS FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

PRIOR YEARS FINDINGS

NONE

End of Report